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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

MAY 18 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

CC Docket No. 92-77

Billed Party Preference for)
InterLATA 0+ Calls)

AT&T Petition for Waiver

AT&T CORP.

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AT&T Petition for Waiver

Pursuant to Section 1.4 of the Commission's Rules, 47 C.F.R. § 1.4, AT&T Corp. ("AT&T") requests a waiver of the July 1, 1998 implementation date of Sections 64.703 and 64.710 of the Commission's Rules, which were adopted in the Commission's Second Report and Order and Order on Reconsideration ("Second Report"), FCC 98-9, released January 29, 1998.

The Second Report (¶ 27) states that the Commission "is prepared to consider [such] waiver requests on a specific factual showing of good cause." AT&T initially informed the Commission staff that it would require a waiver on April 3, 1998.¹ This petition provides the factual basis for AT&T's request.

Introduction and Summary

The Second Report requires that Operator Service Providers ("OSPs") offer customers the option of obtaining rate information on non-access code (i.e., 0+) calls from

¹ Ex parte letter from Robert Castellano, AT&T to Magalie Roman Salas, FCC, CC Docket No. 92-77, dated April 3, 1998.

aggregator phones by July 1, 1998. As set forth below, technical reasons prevent AT&T from implementing these new requirements within that time. Therefore, AT&T requests a waiver to permit it to implement the new rules no later than October 1, 1999, the date by which OSPs that rely on store and forward technology must comply with these same rules. This would not only permit AT&T (and other carriers) the time necessary to complete the work required to implement the new rules, it would also permit a coordinated information campaign to maximize the impact of the new rules on consumers.

One of the central purposes of this proceeding has been to respond to the thousands of consumer complaints that some OSPs' rates for 0+ calls were excessive, especially when compared to the rates charged by AT&T and other established OSPs.² It was always clear from the outset that AT&T was not the cause of these concerns. Indeed, the Second Report (¶ 51) specifically states that the primary problems the Commission has observed in this market segment "have not involved AT&T." Further, the Second Report (n. 58) notes that some commenters have estimated that prices in excess of competitive rates cost consumers about a quarter of a

² Second Report, ¶ 1 (Second Report "address[es] the problem of widespread consumer dissatisfaction concerning high charges by many operator services providers (OSPs) for calls from public phones and other aggregator locations"). See also id., ¶ 9.

billion dollars a year. These estimates were derived by comparing the "high priced" OSPs' rates to those of the largest OSPs, including AT&T.³

In addition, unlike the situation that exists for many OSPs, AT&T's rates for interstate 0+ calls from aggregator phones are essentially identical to its rates for calls from ordinary home and business phones.⁴ In particular, AT&T does not impose location-specific "PIF" surcharges on 0+ calls from any aggregator locations. As the Commission (¶ 28) correctly states, these "surcharges are a principal, if not the principal reason for consumer complaints about OSP rates and charges."

Despite these facts, the Commission determined that consumers would benefit if all OSPs expressly provided consumers with an opportunity to obtain rate information before completing 0+ calls. Thus, it adopted new rules requiring OSPs to establish processes that will enable consumers to obtain rate quote information on 0+ calls from aggregator phones by dialing no more than two digits.⁵

³ See also id., ¶¶ 32 (describing benchmark rate proposals based on the rates of the three largest OSPs).

⁴ See Second Report, ¶ 28. The only exceptions to this are the payphone surcharge that AT&T has implemented to recover the substantial new liabilities imposed on it under the Commission's payphone compensation rules and a surcharge that applies to calls from prisons.

⁵ Id., ¶ 17.

In adopting these new rules, the Commission (§ 27) recognized that OSPs who use "store and forward" technology would need additional time to implement these requirements, and it granted those OSPs until October 1, 1999 to modify or replace their equipment.⁶ Unfortunately, the Commission apparently was unaware that other OSPs also face significant technical hurdles in implementing these rules. In particular, several petitions for reconsideration or clarification have already been filed by OSPs describing the technical problems they face in implementing the Commission's new rules.⁷ AT&T is no exception. Therefore, to the extent that the Commission does not extend the compliance date for all OSPs to October 1, 1999 -- an extension that AT&T supports -- AT&T requires a waiver as described below.

⁶ A large majority of AT&T's inmate services are provided through the use of systems provided by third party contractors, who support the services of multiple OSPs. AT&T understands that all of its vendors use systems that rely upon store and forward technology. Thus, AT&T's inmate services are subject to the 15 month deferral provided for in the Second Report.

⁷ See Petitions dated April 9, 1998 of Cleartel, et al, pp. 4-15 and One Call Communications, Inc., p. 3, Ameritech, p. 17, BellSouth, p. 3 and U S WEST, p. 9. See also comments on those petitions dated May 6, 1998 filed by LCI, pp. 3-4, MCI, pp. 1-2 and APCC, pp. 3-4.

Argument

I. Technical Obstacles Prevent AT&T From Meeting The Timelines Established In The Second Report.

Multiple AT&T systems must be modified to implement the rate offer rules for interstate 0+ calls from aggregator telephones. Technical obstacles prevent AT&T from completing any of these modifications by July 1, 1998.

A. OSPS System Modifications

AT&T's 5ESS/OSPS switches, which are manufactured by Lucent Technologies ("Lucent"), are the principal systems AT&T uses to handle 0+ calls. In order to comply with the Commission's new rules, AT&T's OSPS will need to support the following functions:

1. Recognize that a call is originated at an aggregator telephone. This is accomplished through the Public/Aggregator Indication (PAIN) station indicator that must be provided through the use of industry standard ANI II digits that identify calls from aggregator stations and payphones;
2. Identify interstate calls;
3. Develop call processing logic to apply the Rate Quote Offer ("RQO") protocol to types of calls for which the RQO is required. To do so, new call flows must be developed and implemented for calling card, collect and billed to third number calls;⁸

⁸ In particular, the current call processing flows must be modified to (1) provide information on how a caller (or billed party on collect and billed to third number calls) can request rate information and (2) permit the call processing to be interrupted to provide the requested information.

4. Develop the ability to receive and process the customer's input of 1 or 2 digits signifying the desire to receive rate information;
5. Provide automated announcements to make the offer to callers and to provide the RQO information when requested;
6. Develop call processing logic for sequence calls (i.e., calls placed without requiring the customer to re-enter a calling card number) that insure that a RQO can be made on subsequent interstate 0+ calls;
7. Provide a screen information display for operators to alert them to a station's PAIN status (and thus its eligibility for a RQO); and
8. Implement changes to OSPS operations support systems needed to support the new feature capabilities.

In order to accomplish all of these changes to AT&T's OSPS, AT&T must modify, through its technology supplier Lucent, its network software, and it may also be required to implement additional hardware. New software code is required to support the automated processing, the data needed to manage and control the new service capability, and the administrative functions that underlie the new requirements. In addition, software development is required to modify the existing call processing logic to appropriately handle the interactions with the logic of other services that are necessary to implement the Commission's new rules.

AT&T's system hardware may also be affected by the new requirements, because they will increase the time that existing facilities are used on individual calls. For example, increased time will be demanded from the

announcement system and the receivers used to recognize DTMF tones. This will affect engineering requirements, which in turn could require AT&T to obtain and implement additional service announcement system circuits and systems, DTMF receivers, trunking facilities, switch modules and operator work stations and supporting equipment.

The additional work needed to support the new rules must also be coordinated with other ongoing projects. In particular, AT&T's OSPS vendor Lucent has a critical Year 2000 compliance project for the OSPS in development. To deliver the RQO features, Lucent has determined that the development must be provided under a new generic release version for OSPS (release 5E12), which is not scheduled for release until the fourth quarter of 1998. Implementation of the RQO features is dependent on this new release, and Lucent cannot begin development of the new capabilities independent of that release. Thus, the RQO enhancements cannot be delivered until after the new release is issued. Based upon ordinary software development intervals for projects of this scope, it is not anticipated that Lucent could deliver the finished project to AT&T until about the second quarter of 1999. Integration and testing of the new software would take another 2 to 3 months, and full deployment throughout the network would likely take an additional few months, or until about the end of the third quarter.

B. Operator Work Stations

As noted above, operator work stations, which are also a Lucent product, must be modified so that operators can recognize the fact that a call is being placed from an aggregator phone. This is directly related to the OSPS call processing development for automated call handling, particularly the recognition of the PAIN indicators and determination of whether a call is interstate.⁹ Based on input from Lucent, AT&T expects that the development could be completed no later than the time needed to complete implementation for the OSPS.¹⁰

⁹ In addition, customer requests for rate information may increase the work load for operators and also increase operators' average work time. This in turn could create a need for additional position switching modules and integrated services line units that support operator work stations.

¹⁰ AT&T's Alascom affiliate uses a Nortel-manufactured DMS switch to provide operator services in Alaska. In order to support the new RQO requirements this switch must be able to support the same capabilities as the OSPS. AT&T's discussions with Nortel have revealed additional problems Alascom faces in complying with the new rules. In particular, the current switch software cannot support the receipt of ANI II information that is needed to identify calls from aggregator phones. Nortel reports that it is developing a new system that it expects to release sometime in the summer that will rectify this problem. It is not known at this time how long it would take to implement the RQO requirements for this switch. AT&T believes that it is likely that such modifications could be made contemporaneously with the OSPS modifications.

In addition, AT&T operator services in two locations are provided by small LECs that use Nortel switches. AT&T's ability to provide the RQO information is constrained by those companies' willingness to upgrade their switches to provide the necessary functionality. In total, these two

(footnote continued on next page)

C. VRCP Development

AT&T's collect and billed to third number calls are further supported by a Lucent voice recognition platform ("VRCP") that must also be modified to comply with the new requirements. Development for the VRCP must accomplish the same functions identified in items 1-6 for the OSPS. Similar to the OSPS, software development is needed to meet the RQO requirements, and the platform must be appropriately engineered to accommodate additional usage demands.

AT&T's VRCP is currently undergoing two major, and previously planned, infrastructure work programs. First, it is undergoing a general system upgrade from the existing "manufacture discontinued" technology base. Accordingly, elements of the current system must be replaced with current versions that are now supported by the system vendor. In addition, the VRCP must be made Year 2000 compliant. These two projects, which are being undertaken in parallel, constrain the development of the RQO project. Given the preexisting development commitments, the RQO development will take until late second quarter or early third quarter of next year. However, AT&T believes that testing and

(footnote continued from previous page)

companies handle less than 0.2% of all AT&T operators services calls, including calls originated at home and business phones. AT&T thus requests a permanent waiver of the Commission's rules for these locations, which handle a de minimis amount of calling, until those companies upgrade their switches.

implementation could be completed by the end of the third quarter of next year, so that it could be implemented simultaneously with the OSPS modifications.

II. No Consumer Harm Would Result From The Requested Waiver

The facts set forth in Part I demonstrate the special circumstances necessary to support the requested waiver. Moreover, no consumer harm would result if the Commission granted AT&T's petition. As shown above, the problems in this industry segment "are not attributable to AT&T,"¹¹ and AT&T does not impose the PIFs that have been a key source of concern. In contrast, a number of industry problems have been the result of the activities of OSPs that rely upon store and forward technology and are already subject to a deferred implementation date. The waiver requested herein would merely place AT&T on a par with those companies.¹² Thus, the requested waiver would not have a significant impact on consumers.

¹¹ Second Report, ¶ 51.

¹² Petition of Cleartel, et al, dated April 9, 1998, p. 3. Moreover, several other OSPs have requested similar extensions of time to comply with the new rules in petitions for reconsideration or clarification. Id., pp. 4-10; Petition of Opticom, dated April 9, 1998, pp. 3-4; LCI Comments, dated May 6, 1998, pp. 3-4; MCI Comments, pp. 1-2. Thus, it appears that the Commission generally underestimated the time and effort that would be required to comply with these rules. Under the circumstances, it would be appropriate to postpone the effective date for all OSPs to the October 1, 1999 date to provide a reasonable and coordinated date upon which consumers could expect to obtain such information from all OSPs.

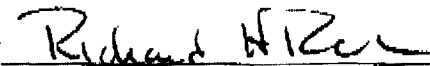
Conclusion

AT&T faces substantial technical hurdles in complying with the rate quote offer requirements in the Commission's new rules, and consumers would not be injured by a waiver that extends the date for AT&T's compliance to the same date applicable to OSPs that rely on store and forward technology. Therefore, the Commission should grant a waiver extending AT&T's time to comply with the new rules until October 1, 1999. In the alternative, AT&T would support a deferral of the compliance date for all OSPs until that date.

Respectfully submitted,

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